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ABSTRACT

This paper outlines the dimensions of a customer-focused system of accountability and describes approaches taken at the state level to respond to the information needs of a broader client base for higher education. Section 1 traces current trends in the development and implementation of state-level accountability policy for higher education. It reports on a 1997 survey on performance measures from state and multicampus system representatives in 48 states. Among seven key findings of the survey were: (1) state-level interest in accountability is strong and shows no signs of abating; (2) state policy agendas for accountability continue to emphasize the dual purposes of improvement and accountability; and (3) the most commonly used measures for performance reporting are quantitative indicators of "outcome" or "output." Section 2 describes the information needs of three of higher education's primary sets of customers state legislators, students, and employers based on their perceptions of and expectations for the system. Section 3 outlines some "best practices" involved in developing customer-focused information systems and describes new roles state boards have adopted in using information to shape the market for higher education. (Contains 16 references.) (DB)

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A NEW APPROACH TO STATE-LEVEL ACCOUNTABILITY REPORTING AND PROCESSES FOR HIGHER EDUCATION

SHEEO

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by
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Educational Systems Research

July 1998

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The State Higher Education Executive Officers is a nonprofit, nationwide association of the chief executive officers serving statewide coordinating boards and governing boards of postsecondary education. Its objectives include developing the interest of the states in supporting quality higher education; promoting the importance of state planning and coordination as the most effective means of gaining public confidence in higher education; and encouraging cooperative relationships with the federal government, colleges and universities and other institutional state-based associations. Forty-nine states and Puerto Rico are members.

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Introduction

The results from a recent national survey of the State Higher Education Executives Officers (SHEEO) leave little doubt that state policymakers' interest in charting higher education's performance and increasing its accountability is on the rise. By mid-1997, 37 states reported they had in place accountability policies which require public colleges and universities to assess their performance according to a set of qualitative or quantitative measures or indicators. This more than doubles the number of states with such measures in place just three years ago. In addition, another seven of the survey states reported they were likely to follow soon.[1]

These and other findings from the SHEEO State Survey on Performance Measures also indicate that state policymakers, besides stepping up their efforts, are interested in pursuing a more results-based approach to accountability and in raising the stakes for compliance. The majority of initiatives originate in state legislatures, although in many states, the state higher education agency has initiated institutional and system level accountability reporting on its own, sometimes in order to stave off legislative action. And 22 states reported they already have policies that link in some fashion the collection of higher education performance information to budgets.

The new accountability policies of the mid-90s also bear less resemblance to the largely campus-based self-assessment approaches conceived as part of state-level accountability policies of a decade ago. Rather, recent legislative initiatives affecting higher education are far more likely to reflect in tone and content the values embedded in a broader statewide government reform agenda. The basic premise behind the move to "reinvent government" is that public sector entities must be restructured in order to function efficiently and cost effectively in today's more market-oriented economy. Central to this process is the establishment of a "customer-focused" system of accountability. In short, it is the customer — however defined — to whom higher education must be accountable.

Typically, it is the state's political leadership — primarily the state legislature — that is been considered the principal customer for higher education performance information. Recently, however, another distinct group of customers, oftentimes referred to as "consumers," has emerged as an important and increasingly more powerful constituency to whom higher education must be accountable.

Consumers are most often defined as students and their families. But defined more broadly to encompass other "users" or "beneficiaries" of higher education's services, consumers could also include such groups as the business community, elementary and secondary schools, the media, and the community at large (especially voters and taxpayers). As they wield increasingly more

control over the resources for postsecondary education, consumers' clout and influence in the marketplace are being more sharply felt.

Although not yet widespread, a growing number of states are recognizing a more broadly defined external constituency for higher education and adopting a more customer-oriented approach to accountability. In the current economy, access to useful, factual information is vital for making good consumer choices and for informed public policy discussions. Many states are currently developing and implementing new policies and practices in an effort to provide better information to those who pay for and benefit from higher education's services. It is not clear where some of these efforts will lead, but they represent an important first step toward creating new roles for state boards in how and for what purposes performance information is gathered.

This paper outlines the dimensions of a customer-focused system of accountability and describes approaches taken at the state level in responding to the information needs of a broader client base for higher education. Section I traces current trends in the development and implementation of state-level accountability policy for higher education, based on the results from the SHEEO State Survey on Performance Measures. Section II describes the information needs of three of higher education's primary sets of customers — state legislators, students, and employers — based on their perceptions of and expectations for the system. It also offers examples of state-level responses to these needs. Section III outlines some "best practices" involved in developing customer-focused information systems and describes some of the new roles state boards have adopted in using the information to shape the market for higher education.

I. Current Status of State Policies for Accountability

It has been five years since the best-selling book, *Reinventing Government*, proclaimed, "...words like *accountability*, *performance*, and *results* have begun to ring through the halls of government" [italics in the original].[2] David Osborne, one of the book's authors, recently noted in a new publication that state-level debate about reform has "traveled light years ahead" since then.[3] As evidence, he cites some impressive statistics of state-level activity: 39 states implementing quality initiatives; 29 states involved in efforts to measure performance; 28 seeking customer feedback; 10 experimenting with eliminating budget line-items; and another 10 testing competitive public-versus-private bidding for service delivery.

When state legislators say they want higher education "to operate more like a business," it is often these reform principles that they have in mind. In this regard, higher education is not alone: public hospitals, schools, and prisons are also facing strong legislative pressure to cut costs, boost productivity, improve quality of service, and be more publicly accountable for how they conduct business. In many cases, performance-based accountability policies apply to government agencies and programs statewide, and often the legislative language stresses, as in Delaware's Governmental Accountability Act passed in 1996, that the development and use of performance information will result in "a more efficient and effective allocation and utilization of resources."

Yet, while public sector entities statewide may be required to report performance information, in many states higher education does so within the context of associated legislative mandates pertaining to higher education specifically. The scope and purposes of these policies can vary widely from state to state, but generally they lay out in more detail legislative priorities for how

and what kinds of performance data will be collected, and in a few instances, even prescribe the set of indicators to be used. Most of this activity has occurred since 1990. A more recent development is state policymakers' efforts to establish "accountability with teeth" by linking performance results to fiscal consequences.

The SHEEO State Survey on Performance Measures provides a basis for reviewing how accountability policies for higher education are currently being formulated and implemented at the state level. The survey, conducted in early 1997, drew responses from state and multi-campus system representatives in 48 states. Following are highlights of some of the key findings:

- *State-level interest in accountability is strong and shows no signs of abating.* In all, 90 percent of respondents to the SHEEO survey — representing 44 states — reported that their states either currently use or soon plan to adopt performance measures for higher education. Of the 38 states with performance-based accountability policies in place, nearly three-quarters of them reported plans to expand or refine their existing efforts. The following points are also based on the sample of 38 states.

- *State policy agendas for accountability continue to emphasize dual purposes of improvement and accountability.* Improving institutional performance or undergraduate education and increasing institutional accountability were the two most frequently cited purposes for the use of performance measures. Others purposes included rewarding institutions for high performance, keeping constituents informed, and providing information for the budget.

- *In many states, state policymakers are closely involved in the development of performance measures.* In two-thirds (25) of the states, along with state board staff and institutional representatives, state legislators and governor's office representatives are at least moderately involved in the development of measures. Of these, 12 states report the legislature is "heavily involved." In the vast majority of states, the business community, students, and the public have either minimal involvement or no involvement.

- *"Data availability" is a major factor in the selection of performance measures.* In developing a set of performance measures, respondents in 28 states reported that "data availability determined the measures." Even so, "new data collection efforts" have also been necessary in over 80 percent (31) of the states.

- *The most commonly used measures for performance reporting are primarily quantitative indicators of "outcome" or "output."* Graduation rate is the most commonly used indicator, reflecting state policymakers concerns with efficiency. Other popular "outcome" or "output" measures include professional licensure exam pass rates, graduate placement rates, total number of degrees conferred, and total number of student credit hours generated.

- *State-level interest in linking performance results to funding consequences is growing.* Based on the survey results, 22 states consider performance outcomes in the distribution of funds to higher education, but only seven say the results are "directly linked to the budget." In nearly every case the percentage of the budget allocated on the basis of performance results remains in the low single digits.

- *State policymakers are the principal audience for performance reports.* Almost every state that uses performance measures provides reports to the legislature or the governor's office, and in most cases, to both. Fewer than half the states provide performance information to the higher education community, high schools, or the public.

Overall, based on the responses to the SHEEO survey, states' experiences in formulating and implementing performance-based accountability policies have been mixed. Although a majority of respondents agree it is "too early to assess" the impact performance reporting will have "in bringing about greater effectiveness, productivity, or quality," many noted several early positive effects: greater attention to state priorities, the setting of institutional targets for improvement, and increased state support.

At the same time, many of these same respondents also addressed a litany of concerns that leave lingering doubts as to the overall value of current accountability approaches. Among their concerns: new performance reporting requirements which come contained within unfunded mandates, short phase-in periods for implementation, and the identification of measures that are difficult or expensive to obtain.

South Carolina is one closely watched state where most of these issues are currently being played out. The state has had a long history of strong legislative involvement in higher education accountability matters. When the governor signed Act 359 into law in 1995, South Carolina also became the first and only state to require that all state funding for public higher education be performance based. By the 1999-2000 academic year, the plan calls for 100 percent of the state's funding for its 33 public colleges and universities to be linked to their performance on 37 indicators set by the legislature. The list reflects a potpourri of interests, ranging from commonly used statistical measures such as graduation rate and credit hours earned of graduates to harder-to-quantify processes such as "use of best management practices" and "elimination of unjustified duplication of and waste in administrative and academic programs."

Interested parties in South Carolina at both state and local levels are taking a wait-and-see approach before passing final judgment, but opinions are sharply divided about where the current course of action will eventually lead. Advocates of the plan believe it will help "reinvent higher education in South Carolina"; critics charge the process is so flawed as to render the results meaningless.[4] Whatever the outcome, Act 359 will likely serve as an important litmus test for performance-based budgeting at the state level.

II. Higher Education's New Customers

One general conclusion that emerges from the SHEEO survey is this: accountability for higher education, at least as conceived in state policy, is still overwhelmingly defined in terms of information systems developed by state policymakers for state policymakers. This is troubling because it means that consequently the needs of other customers for information about higher education's performance are not likely to be adequately addressed under current accountability approaches. Further, there is even some question as to whether state policymakers are receiving the kinds of information they need most to make sound policy and budgetary decisions.

In the current economy, access to good information is vital for informing consumer choice and public policy decisionmaking. Data collection, consumer protection, and information sharing have long been part of state boards' core responsibilities, but responding to higher education's changing client base requires the collection of new kinds of information. Although not yet widely practiced, a growing number of state and system boards are responding to the information needs of this broader constituency by drawing on a new set of tools borrowed from the business sector. Market research, needs assessment, cost/benefit analyses, and "best practice" and benchmarking studies are not necessarily new data gathering methods for higher education; rather, it is the purposes for and processes by which the information is collected that have changed and thus are creating new roles for state boards.

Who are these new customers of higher education? What kinds of performance information, based on their current perceptions of and objectives for the system, do they need? And how are states responding to these challenges?

Although higher education's client base can be broadly interpreted to include such entities as the federal government, granting and contracting agencies, alumni associations, the media, public schools, state government offices, and the local community, three of its most important primary customers are (a) state legislators; (b) students; and (c) employers.

A. *Legislators as Customer*

Current state-level accountability policy for higher education typically requires that the state's higher education agency report systemwide or comparative institutional performance data in the form of an annual higher education "report card" or other public report. As "proxies" for the public, elected officials — particularly state legislators — are usually considered the primary audience for these reports. Although the report may have budgetary or planning implications, an overarching purpose has been to serve as a kind of "stockholders" report, demonstrating that the public's investment in higher education has been wisely spent.

In many state legislatures and among certain segments of the public, there exists a prevailing distrust of how colleges and universities are managing public resources. To some legislators, colleges and universities are simply dragging their feet when it comes to responding to what they say is a changed environment for higher education — one that includes competition from a wider range of educational providers, new instructional technologies, and greater diversity in student learning goals. Their frustrations are further fueled by concerns about the spiraling costs of higher education that many believe to be exacerbated by administrative inefficiencies and low student and faculty productivity.

<u>Legislator Perceptions and Expectations</u>

Much of the information now being collected and reported under the auspices of performance-based accountability requirements is intended to address these concerns with the hope it will restore public confidence, garner additional state dollars, or simply hold the line at current funding levels. As the SHEEO survey results reveal, the jury is still out as to whether any of these goals can be achieved with current efforts.

Aside from these short-term goals, state policymakers — as customers —also need other kinds of information that informs the development of an effective investment strategy to address long-term state goals. Although state legislatures may be reluctant to commit the resources of future legislatures, this information should help legislators focus on the "big picture" by putting currently collected accountability performance data in the context of broader public policy matters. It should also take into account legislators' current perceptions and expectations for the system, which include the following concerns:[5]

- To many legislators, traditional institutions of higher education seem unwilling or unable to make the significant internal changes needed to compete over the long haul in what is rapidly becoming a very crowded educational marketplace. For better or worse, higher education has become "Big Business." With total revenues reaching $250 billion annually and enrollments projected to soar in the coming years, the current environment for higher education simply invites competition. The result is an ever-increasing supply of new for-profit, private, and public providers joining the ranks of existing colleges and universities in offering postsecondary education and training. Additionally, the last few years have seen a proliferation of corporate "universities" formed by business to offer in-house job-related training.

  In many states where legislative agendas are shifting from building institutional capacity to exploring other means for addressing the state's long term needs, policymakers are faced with a wider range of options for how and where to invest state funds for postsecondary education and training. As "owner-operators" of the state's system of higher education, they hold a vested interest in seeing that the state's public colleges and universities maintain a competitive edge in the marketplace. However, as customers seeking a fair return on their investment, policymakers may alternately be inclined to look elsewhere in the state or around the country to ensure that state goals for economic development and building a quality workforce are met. Developments in information technology will contribute to making geographic boundaries less of a consideration.

- Many legislators are of the mind that if government cannot reform higher education, technology will do the job. Developments in information technology are changing the way education is organized and delivered not only in the U.S. but also globally. State legislatures are increasingly looking to technology-based solutions as a means for accommodating increased enrollment demands, and in the long term, to reduce higher education's costs and raise it productivity.

  Indeed, based on the nature of state appropriations over the last few years, information technology may represent one of the few areas for higher education where state legislatures are willing to invest significant new resources. It is not unusual nowadays for a state to appropriate dollars in the tens of millions annually for postsecondary educational technology purposes. California, Colorado, Florida, Iowa, Illinois, Virginia, and Washington are just a few of the states that have allocated in a single year upwards of $20 million for higher education technology initiatives.

- Much of the urgent and sometimes strident tone which pervades legislators' rhetoric about higher education stems from its high social and economic value both to the state and to individuals. Higher education's value as a "public good," particularly in terms of its

contribution to economic development and a state's strategic needs for an educated citizenry, has long been recognized. But more recently, state-level policy discussions have begun to place a much greater emphasis on the "private good" derived from a college education as the reason for increased public investment. Legislators' heightened focus on individual economic benefits associated with a college education has been shaped largely by a mountain of evidence documenting the increased earning power of a college education and by the fact that individuals are now shouldering a greater share of higher education's real costs.

Legislator Information Needs

Legislators as customers need information that will help guide the public investment in pursuit of critical state goals as well as address the individual educational needs and objectives of the states' citizenry. Depending on the circumstances, in order to understand currently collected performance data in a broader context, state legislators might, for example, need information that:

- documents higher education's contribution to the local economy. In communities where public colleges and universities are located, what do institutions provide in the way of direct employment, educational opportunities, and associated services?
- helps states to discover new educational markets, assess the current needs of underserved markets, and better serve the interests of existing markets.
- addresses directly legislative concerns about the rising economic costs of education by showing in factual and financial terms the results of public colleges and universities' efforts to achieve significant gains in productivity.
- demonstrates how public colleges and universities are integrating and using new technology to reach underserved areas, create new efficiencies and improve teaching and learning.
- presents a more balanced picture of the total array of social and economic purposes related to higher education.[6]
- details the actual and current economics of higher education — that is, what it costs and how it is financed — in a way that clarifies the state's role and "fair share" responsibilities in supporting a state system of higher education. (Recent studies indicate that students and the public may also be confused about these issues.)

State-level Responses

Illinois, Mississippi, Nebraska, North Carolina, Ohio, Oklahoma, and Wisconsin are among the states where state boards are initiating research and data collection efforts to respond to these challenges. Some recent examples:

- The University of Wisconsin System established a separate market research unit for the primary purpose of gathering, analyzing, and distributing information useful for strategic enrollment management and revenue policy decisions. Partly in response to data indicating that some campuses in the UW System were experiencing a decrease in their market share of recent Wisconsin high school graduates, the research unit conducted an analysis of in-state competition to develop a profile of each in-state competitor. It also conducted a competitive analysis of out-of-state competition to determine which states and institutions were gaining a growing share of Wisconsin high school graduates. A variety of reporting formats are used

to present the information to different audiences including PowerPoint slide presentations, newsletters, hand-outs, workshops, and technical papers.

- The University of North Carolina Board of Governors, in response to a legislative directive, initiated a statewide needs assessment designed to locate potential "underserved" areas in the state, identify the programs that might be in demand in those areas, and determine whether there would be sufficient demand to allow for cost-effective delivery of those programs. The Board used multiple surveying methods in an effort to obtain the broadest possible response. The study was helpful in identifying the educational aspirations and the most frequently requested programs of citizens in underserved areas of the state. In response to the survey results, the legislature appropriated special funding for pilot off-campus programs to be located on community college campuses, some of which will offer baccalaureate completion programs. The survey results also informed the expenditure of funds for distance learning programs.

- The Illinois Board of Higher Education (IBHE) is conceptualizing a new approach to master planning, one that is more customer-focused and outward looking. By September 1998, IBHE staff will have completed a pilot study of Lake County, a major metropolitan area in Illinois with a growing and diverse population. The study involves identifying existing sources of information along with gathering new kinds of data through public hearings, focus groups, and market research. The IBHE will use the findings to identify state employment needs, new educational programs, and appropriate modes of delivery for those programs.

B. *Students as Customer*

Although students are often at the center of the competition, their role in developing performance information at the state level has been limited. Part of the reason students are usually not considered to be sources of information is that we often assume we already know what they want and expect from higher education. It also is easy to discount students' opinions as uninformed — "they don't know what they don't know" as one observer once put it. Further, not involving students in the process also makes questionable the usefulness of any information we may provide to them.

But many of the assumptions made about students as customers do not hold up given present circumstances. In the current economy, students wield more financial clout and influence in the postsecondary education marketplace, and like "consumers" generally, they have become smarter shoppers, more likely to weigh the costs and benefits carefully before making decisions. Many also have direct access to vast stores of consumer information, made possible with technology.

Additionally, the demographic profile of students seeking postsecondary education has shifted dramatically in recent years. A new study reports that, "Currently, fewer than one in six of all undergraduates fit the traditional stereotype of the American college student attending full-time, being 18 to 22 years of age, and living on campus."[7] Although the numbers of high school graduates are expected to edge up over the next decade, for now the "new majority" college student typically is older, employed, and attending on a part-time basis.

For most adults, lifelong learning has become a reality in large measure because education and training are critical for success in the workplace.[8] Many are attending college to update or advance their work skills and plan to take non-credit as well as credit courses. Adult learners also constitute a large part of the market for technology-based distance education and off-campus instruction.

Whereas public colleges and universities generally may be slow in accommodating the needs of these students for flexible, convenient scheduling of classes, other postsecondary providers have clearly grasped that the market for adult learning is booming. One of the more well-known and financially successful of these is the University of Phoenix, which accepts only students who are at least 23 years of age and gainfully employed. Phoenix currently enrolls about 40,000 students, making it the largest private university in the nation.[9]

Student Perceptions and Expectations

In understanding the information needs of students as customers, age no longer may be the best indicator. Given any number of reasons, an 18-year-old college freshman may "behave" in the marketplace more like an adult, non-traditional student and less like a recent high school graduate. Some of what we currently know about students' perceptions and expectations is based on public opinion surveys:

- Job attainment and an increase in earning power are among the major benefits that most Americans associate with a college education. The high priority placed on work-related gains is not limited only to adults. One study found an overwhelming majority of parents (75 percent) and college-bound students (85 percent) believe the ultimate goal of college is to get a practical education and secure a first job.[10]

- Given its potential for a sizable return on investment, a vast majority of the public still considers higher education a bargain in the long run, but their immediate concerns have more to do with how to pay for it now. Their fears that skyrocketing costs will make an increasingly important good less and less accessible are well grounded: even accounting for inflation, average tuition nationwide has more than doubled since 1976, almost three times as fast as the median household income.

- Cost may be a primary consideration for many students in determining where (and sometimes, if) they attend college; but convenience, student services, and quality can also be important factors. While sticker shock may force some students to seek out lower-priced alternatives, others will base their decision not on tuition costs, but on an institution's academic reputation. (The tendency of some consumers to equate cost with quality has been referred to as the "Chivas Regal" effect.) For other students, cost and reputation will not be nearly as important as getting through college in the least amount of time possible. And others still may be motivated by arrangements where they can pay for only the services that they use.

Student Information Needs

In higher education's more open environment, the numbers of new providers and traditional colleges and universities that develop and deliver educational instruction seem to be growing by the day. How can even the most savvy consumers be expected to make sense out of the growing chaos of the educational marketplace? As consumers, students need two basic types of information:

Consumer protection information. Students and others who rely on educational services and credentials need basic information that tells them that providers have complied with and met certain measurable standards of quality. As greater numbers of distance learning and other "virtual" institutions and programs enter the market, consumers will need information that will serve to protect them against unscrupulous or unfair business practices.

Consumer choice information. Students (and often their families) need reliable and meaningful information about the costs, quality, and services of various providers in order to make sound educational choices. Basic information to assist consumers in selecting a provider might include comparative or descriptive data on admission requirements, tuition and fees, average student aid award, academic programs available, institutional size, access to computers, academic advising and counseling services, and average time to degree. However, since each student may define his or her expectations in different ways, consumer choice information should help students to ask the right questions in determining which college or postsecondary provider would best fit their particular interests and needs.

State-level Responses

A number of states have taken steps to develop better consumer information for students, as reflected in these examples:

- Colorado has adopted explicit legislative language pertaining to students as customers of higher education: H.B. 96-1219 requires the state's coordinating board to publish "an annual consumer guide to state institutions of higher education for students and their families." Colorado's legislation is significant not only for its explicit references to consumers; more importantly, it speaks to the state's role in informing consumer choice. The Colorado Commission on Higher Education (CCHE) has responded to the charge by expanding upon its existing successful consumer-focused efforts and combining them with other useful information sources. Since 1996, the CCHE has published annually "At a Glance," an enormously popular comparative guide to Colorado's 28 public two- and four-year institutions. Beginning next year "At a Glance" will also be included in the *Colorado Collegiate Handbook*, a detailed and widely used descriptive guide to the state's public institutions put together by the state's high school counselors and college admissions staff. Additionally, "At a Glance" will incorporate new institutional performance data based in part on consumer information needs identified through a CCHE survey.

- The Indiana Career and Postsecondary Advancement Center (ICPAC) defines its student customers as ranging from middle school students to adults interested in planning new careers and furthering their education. Since ICPAC was created over a decade ago, it has conducted an annual survey of Indiana high school students to find out about their

postsecondary aspirations, career and training interests, and the kinds of information they need to make future decisions. The findings are used to respond to the information needs of prospective students. Additionally, the findings are reported to three other audiences: high school counselors receive their individual school report; each public and private nonprofit college in the state receives a list of students' names who requested additional information about their institution; and a follow-up report is sent to parents. The Center will soon be developing new information pieces for non-traditional students in the state.

- The independent college associations in Illinois, Iowa, Minnesota, and Wisconsin collaborated in developing a "Consumer's Guide to Choosing College Courses on the Internet." The purpose of the guide is to help students in considering a broad range of issues before choosing an institution or specific course. It contains pertinent questions students need to ask such as: "Does the institution offer support services to online students?" "Will this course be valued by current or potential employers?" and "How will your work in this course be evaluated?"

C. *Employers as Customer*

In most states, public colleges and universities are required under current accountability policies to conduct some type of employer feedback surveys or satisfaction studies. However, as the SHEEO survey results show, the business community generally has little or no involvement in the development of the performance measures used. Further, once collected, the information gathered through these studies is rarely shared with employers. Rather, information about graduates' performance in the labor market is treated as an internal concern, more as a measure of institutional effectiveness.

It has been only recently that employers have come to be understood as customers. As such, employers participate in the higher education marketplace in two ways: (1) through their need to hire new organizational employees and (2) through their need for continuing education for current employees. Often overlooked in addressing this second need is the extent to which employers directly finance the work-related education and training of their employees. Estimates are that over 75 percent of employers provide some type of tuition benefits to most types of workers.[11]

Employer Perceptions and Expectations

Commensurate with an increase in workplace skill requirements, employer-paid continuing education has created an expanding market for institutions of all types. The University of Phoenix estimates that three-quarters of its students receive at least some employer tuition reimbursement. But as the competition for work-related education and training has grown, many traditional two- and four-year colleges and universities are finding they are not among the prime providers. Recent state and national surveys have shed light on employers' general perceptions of and expectations for postsecondary education and training and provided insights into the specific nature of some of their concerns with the present system:

- In hiring decisions, employers rely more on their evaluation of an applicant's generic qualities than on traditional indicators of educational performance. Based on studies conducted by the National Center on the Educational Quality of the Workforce's National

Employer Survey (EQW-NES), general attitude, communication skills, and previous work experience are considered the best gauges of an applicant's suitability for employment. Measures reflecting educational performance such as years of schooling, grades, institutional reputation, or teacher recommendations are among the least important factors considered in hiring decisions.[12]

- Employers express concerns about college graduates' levels of workforce preparedness, in terms of graduates' general proficiencies as well as their knowledge about the latest advances in practice. For example, in a 1995 survey of New Jersey employers conducted for the New Jersey Business-Higher Education Forum, a majority of employers surveyed said they find it difficult to find well-prepared job candidates for jobs that require a bachelor's or associate's degree. Only about 10 percent of the employers considered recently hired graduates to be "highly prepared" in either problem solving, decision making, or creative thinking.[13]

- Not surprisingly, the New Jersey study found that generic skills — problem solving, decision making, or creative thinking — were the most common training skills which employers provided for their college-educated employees. In providing this and other kinds of continuing education, on-the job and classroom training along with the use of private consultants are the overwhelmingly preferred methods. In the New Jersey study, four-year and two-year institutions comprised only six and four percent respectively of employer training dollars. Employers often want short, customized "just in time and just enough" instruction which many employers think traditional colleges and universities are ill-equipped to provide.[14]

Employer Information Needs

To strengthen the connection between higher education and the workplace, employers as customers need two types of information:

New employee hiring information. Employers need better and more reliable measures of college graduates' educational competencies and level of preparedness for the workplace. By and large, employers have little faith in traditional indicators of educational achievement as being suitable measures of either graduates' attitudinal and behavior skills or their professional knowledge.

Current employee continuing education information. To gain a greater share of the expanding market for work-related continuing education, public colleges and universities will need to provide information which identifies specific work-related education and training needs of employers and the extent to which they as providers will tailor their efforts to satisfy those needs. Employers also need detailed information about providers' capabilities and services such as their use of technology, ability to provide flexible, customized instruction, and the ease with which employers can maintain contact or obtain additional information from the institution.

State-level Responses

- This year, the Louisiana legislature approved a constitutional amendment that would create a 50-college system aimed at building the state's workforce. If ratified by voters this fall, the plan would give business leaders considerably more influence. A board composed mostly of business people would lead the system and make workforce development its top priority.

The system will include a performance-based financing formula for two-year campuses emphasizing such measures as the job placement and salary rates of graduates and financial incentives for campuses to respond to industry priorities.[15]

- In conducting an assessment of unmet needs for higher education in the Tulsa area, the Oklahoma State Regents for Higher Education included employers as one of the client groups to be surveyed. Information about employer needs was drawn from projected job growth studies and from one-on-one interviews with employers in both private and public sectors. The assessment identified needs of employers for new employees in such specific areas as information technologies, health fields, and education as well as their needs for continuing education. The Regents plan to use the information from the assessment to develop new programs.

- The Colorado Commission on Higher Education (CCHE) conducted a series of focus groups with business and opinion leaders in the state in order to refine a set of candidate performance measures covering public colleges and universities. Focus group meetings addressed: (a) the appropriateness and need for a system of performance measures for Colorado higher education, (b) how the task ought to be approached, and (c) what kinds of specific measures should be included. The process proved especially helpful in clarifying policy issues and in helping to identify a workable set of performance measures.

III. New Tools/New Roles for State Boards

How state government should operate in this new political and economic atmosphere has been the subject of intense debate in statehouses across the country. One challenge before state policymakers is how to "regulate" the market for higher education. Clearly, states do have a role there: Left unchecked, "free" markets tend to create inequitable outcomes that can yield good results for consumers or providers or both while not serving well the larger public interest. In a more open system, the potential for fraud and abuse also increases. But what falls into the realm of state responsibility and what constitutes the province of private decisionmaking is far from clear.

One key role for states lies in the development of consumer information systems. By measuring performance and making that information available to consumers, states can create significant leverage for change in a competitive environment. In this way, states can also utilize the information to shape the market by creating incentives that meet consumer needs and achieve public purposes. The state of Massachusetts, for example, provided start-up capital to get corporations and educational institutions to create new training programs that would contribute to the state's economic development goals. It also resulted in providing employers with workers and in high placement rates for students who completed the training program.[16]

Based on the insights gained through recent experiences of state boards, the process of developing customer-focused information involves these "best practices":

- ***Make the overall policy objectives clear.*** Clear state, system, or institutional goals are a necessary first step in determining data collection needs. North Carolina's 1993 S.B. 393, which called for a plan that focused on the availability of opportunities in underserved areas, was instructive in helping the Board of Governors develop a multi-faceted statewide needs

assessment. Colorado's H.B. 96-1219 created a "Higher Education Quality Assurance Act" which required the coordinating board to develop an annual consumer guide composed of indicators developed through consultation with students, graduates, and employers.

- ***Define who your customers are.*** It should not be assumed that all individuals who fall within a broadly defined consumer group will be alike in their information needs. Different indicators may be important to different audiences. For example, in developing information for "students," the questions and concerns of adult, non-traditional students may differ considerably from those students who are recent high school graduates. Likewise, the information and educational needs of employers may differ according to the size and nature of their business.

- ***Involve customers at the front end.*** Before one can effectively serve its customers, one needs to know what they think and want. This involves inviting new voices into the process and listening to find out the kind and quality of services customers want and their level of satisfaction with existing services. Opinion surveys, focus groups, public forums, and other qualitative research methods are means for gathering this information. The strategic plan for the North Dakota University System requires the State Board of Higher Education to schedule two public forums a year for citizens, students, and other constituents to discuss their educational opportunities and experiences.

- ***Develop appropriate measures.*** Adopting valid indicators that reflect goals and purposes are preferable to identifying indicators just because the data are available. In responding to consumers' information needs, the collection of qualitative as well as quantitative data may be necessary. For students or employers, for example, this may involve the identification of harder-to-quantify process measures such as access to computers, out-of-class experiences, or the course scheduling that makes up the program.

- ***Provide customers with the information they need in a format they find useful.*** When providing information, the content and the format should be appropriate and understandable to the intended audience. The market research unit for the University of Wisconsin System uses a variety of formats including newsletters, PowerPoint presentations, and technical reports for conveying research findings to state policymakers and other customers of higher education. In Indiana, the relevant results from an annual survey of high school students are reported in four different ways to address the information needs of four specific audiences: prospective students, parents, colleges and universities, and high schools.

Conclusion

Although current state-level policies for higher education accountability result largely in information systems developed by state policymakers for state policymakers, a growing number of states are recognizing a more broadly defined external constituency for higher education and adopting a more customer-oriented approach to accountability. Data collection, consumer protection, and information sharing have long been part of state boards' core responsibilities, but responding to higher education's changing client base requires the collection of new kinds of information. Many of these states are developing and implementing new policies and practices in an effort to provide better information to those who pay for and benefit from higher education's services. The gathering data methods themselves — market research, needs

assessments, cost/benefits analyses — are not necessarily new; rather it is the purposes for and the processes by which the information is collected that have changed and thus are creating new roles for state boards.

Notes

[1] The SHEEO *State Survey on Performance Measures* was conducted over a four-month period from December 1996 through March 1997. Results are based on responses to written questionnaires and supporting documentation provided by the staff of state or multi-campus system level higher education coordinating or governing boards in 48 states. Alaska and Massachusetts did not participate in the survey.

[2] Osborne, D., and Gaebler, T. *Reinventing Government: How the Entrepreneurial Spirit Is Transforming the Public Sector*. New York: Penguin, 1992.

[3] Osborne, D., and Plastrik, P. *Banishing Bureaucracy: The Five Strategies for Reinventing Government*. Reading, MA: Addison-Wesley, 1997.

[4] Trombley, William. "Performance-Based Budgeting," in *National Crosstalk*, Vol. 6, No. 1, Winter 1998.

[5] Based on data compiled by the author. See Ruppert, S. *The Politics of Remedy: State Legislative Views on Higher Education*. Washington D.C.: The National Education Association, 1996. Ruppert, S. *Going the Distance: State Legislative Leaders Talk About Higher Education and Technology*. Washington D.C.: The National Education Association, 1997.

[6] See *Reaping the Benefits: Defining the Public and Private Value of Going to College*, The New Millenium Project on Higher Education Costs, Pricing and Productivity, Washington, D.C.: The Institute for Higher Education Policy, 1998.

[7] Levine, A. and Cureton, J. "Collegiate Life: An Obituary" in *Change*, Vol. 30, No. 3, May/June 1998.

[8] Dillman, D., Christenson, J., Salant, P. and Warner, P. *What the Public Wants from Higher Education*. Technical Report #95-52, Social and Economic Sciences Research Center. Pullman, WA: Washington State University.

[9] Bronner, E. "Adults-only college races to the top" in *The New York Times*. Reprinted in *The Denver Post*, October 15, 1997.

[10] Hersh, R. "Intentions and Perceptions: A National Survey of Public Attitudes Toward Liberal Arts Education," in *Change*, Vol. 29, No. 2, March/April 1997.

[11] The Institute for Research on Higher Education at the University of Pennsylvania. "Where the Dollars Are: The Market for Employer-Paid Continuing Education," in *Change*, Vol. 29, No. 2, March/April 1997.

[12] The Institute for Research on Higher Education at the University of Pennsylvania. "Connecting Schools and Employers: Work-Related Education and Training," in *Change*, Vol. 27, No. 3, May/June 1995.

[13] Van Horn, C. *Enhancing the Connection Between Higher Education and the Workplace: A Survey of Employers*. Denver, CO: State Higher Education Executive Officers and the Education Commission of the States, October 1995.

[14] The Institute for Research on Higher Education at the University of Pennsylvania, March/April 1997.

[15] Healy, Patrick. "Louisiana Plans to Meld 50 Campuses Into a Coherent 2-Year-College System," in *The Chronicle of Higher Education*, Vol. XLIV, No. 34, May 1, 1998.

[16] Osborne, D., and Plastrik, P., 1997.